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Review of the technical cooperation activities of UNCTAD and their financing

Report by the Secretary-General of UNCTAD

Executive summary

UNCTAD technical cooperation expenditures totalled \$39.1 million in 2016, almost equivalent to the 2015 level. Expenditures related to the least developed countries (LDCs) remained high, representing 46.5 per cent of total delivery. The two leading technical cooperation products of UNCTAD, the Automated System for Customs Data (ASYCUDA) and the Debt Management and Financial Analysis System (DMFAS), accounted respectively for 48 per cent and 11 per cent of total expenditures in 2016.

Following a significant decline in 2015, overall funding for technical cooperation to UNCTAD trust funds rebounded to \$40.1 million, the highest level in the past five years. Developed and developing countries alike enhanced their financing support to UNCTAD. Funding from developing countries reached a new peak of \$19.9 million, more than twice the amount contributed by developed countries.

Despite these encouraging data, it is highly challenging to address the funding shortfall that has accumulated over the years. To fill the financing gap and meet the rising demand from developing countries for assistance in the implementation of the 2030 Agenda for Sustainable Development, UNCTAD reiterates its call for increased contributions from traditional and emerging donors.

In 2016, UNCTAD took further steps to strengthen the functioning of technical cooperation, including piloting the new results-based management requirements for technical cooperation, upgrading the request database, consolidating technical cooperation activities through the *UNCTAD Toolbox* and fostering interdivisional and inter-agency cooperation. As part of its efforts to mobilize funds, UNCTAD will continue to improve the governance of technical cooperation to make it more effective, transparent and accountable.



Introduction

1. This report was prepared to facilitate the annual policy review of UNCTAD technical cooperation activities by the Trade and Development Board.
2. The report will be submitted to the Working Party on the Strategic Framework and the Programme Budget for its review of UNCTAD technical cooperation activities, in line with the provisions set out in paragraph 220 of the Accra Accord and a series of Trade and Development Board decisions from 2008 to 2016, including its latest decision, decision 529 (LXIII) of September 2016.¹ Through these decisions, the Trade and Development Board recommends a more structured interaction between the UNCTAD secretariat, potential beneficiaries and donors, to be carried out within the framework of the Working Party, which is the main mechanism for consultations among member States on technical cooperation issues.
3. This report provides an overview of UNCTAD technical cooperation activities and their financing in 2016. It analyses the main trends in the funding and delivery of such cooperation and highlights the key actions taken by UNCTAD over the past year to improve the structure and functioning of technical cooperation. Some good examples and lessons learned are also shared. The report ends with conclusions and suggestions for the way forward.
4. In 2016, UNCTAD represented other non-resident agencies – the United Nations Environment Programme, the United Nations Human Settlements Programme and the United Nations Office on Drugs and Crime – at the meetings of the United Nations Development Group. In this context, UNCTAD continued to advocate for the inclusion of non-resident agencies in United Nations Development Assistance Frameworks at the country level, as well as to put more emphasis on United Nations assistance in trade and related areas.

I. Funding sources

5. UNCTAD technical cooperation activities are financed through two main sources:
 - (a) Funding for trust funds (financial resources provided by individual Governments, the European Commission, the United Nations system and other international organizations, and the private and public sectors for UNCTAD trust funds);
 - (b) United Nations regular programme of technical cooperation and the Development Account.
6. Contributions received under the “Delivering as one” initiative to support joint programmes of the United Nations Inter-Agency Cluster on Trade and Productive Capacity are included in the aggregate funding for trust funds. In view of the Cluster’s importance in furthering United Nations system-wide coherence reform and in achieving the Sustainable Development Goals, part I, section C of this paper specifically reports on UNCTAD access to “Delivering as one” funding mechanisms.
7. Contributions to the United Nations Junior Professional Officer² programme are not included in UNCTAD trust fund resources and are reported separately in chapter I, section D of this report.

¹ Decisions 495 (LV) of 2008, 498 (LVI) of 2009, 504 (LVII) of 2010, 510 (LVIII) of 2011, 515 (LIX) of 2012, 520 (LX) of 2013, 523 (LXI) of 2014 and 526 (LXII) of 2015.

² Associate Experts in reports of previous years.

A. Trust fund contributions

8. Unpredictability, fluctuations across years and earmarking towards specific activities remain the salient features of extrabudgetary funding for UNCTAD technical cooperation trust funds. Following a significant decline in 2015, overall funding for UNCTAD trust funds rebounded in 2016. With yearly resources totalling \$40.1 million, 2016 registered the highest level of funding in the past five years (table 1). Developed and developing countries, as well as organizations of the United Nations system and other international organizations, strengthened their funding support to UNCTAD.

Table 1
Sources of funding for UNCTAD trust funds, 2012–2016
(Thousands of dollars)

	2012	2013	2014	2015	2016
Developed countries ^a	9 750	7 865	12 047	8 570	9 693
Developing and transition countries ^b	14 017	12 782	16 060	17 590	19 906
European Commission	3 105	2 783	5 629	1 727	1 073
United Nations system and other international organizations ^c	5 277	7 020	5 432	6 237	8 881
Private and public sectors	660	782	246	565	514
Total	32 808	31 232	39 415	34 689	40 068

Note: Totals reflect rounded figures.

^a Exclusive of contributions to the United Nations Junior Professional Officer programme.

^b A major part is self-financing, which may be derived, for example, from proceeds of loans or grants from international financial institutions, for activities in the countries that provided funding.

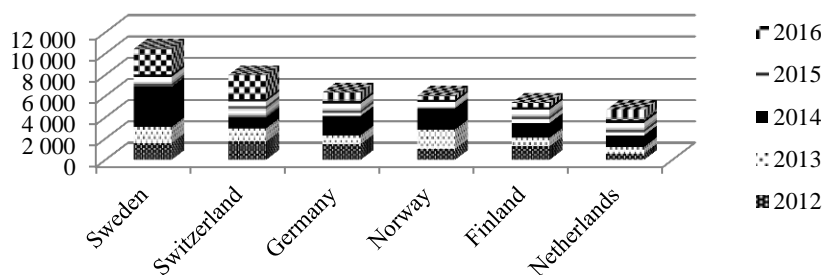
^c For details, see TD/B/WP/285/Add.2, annex II, table 12.

9. In 2016, contributions from developed countries amounted to \$9.7 million, 13 per cent higher than in 2015. Developed countries accounted for 24.2 per cent of total funding for trust funds, almost the same share as in 2015. The upswing in developed country contributions was largely due to the significant increase of contributions by the United States of America, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and Ireland. Among the top six developed country donors in 2015, only Sweden and Switzerland increased their contributions to UNCTAD.

10. Ten developed countries contributed to UNCTAD trust funds in 2016. Among them, Sweden and Switzerland were the two largest donors, with annual contributions reaching \$2.4 million and \$2.3 million, respectively. Together, these two donors represented 48 per cent of the total contributions of developed countries, followed by the United States, the Netherlands and Germany. In terms of total contributions accumulated during the last five years, Sweden and Switzerland remained the top two developed country donors, ahead of Germany, Norway, Finland and the Netherlands (figure 1). In 2016, developed country contributions were mainly directed towards competition and consumer protection, debt management (DMFAS), business facilitation, investment facilitation, the BioTrade Initiative, and information and communications technology policies for development.

11. In 2016, funding from developing and transition countries continued its upward trend to reach a new peak at \$19.9 million, an increase of 13 per cent compared with 2015, more than doubling the contributions of developed countries. As total funding for trust funds increased by 16 per cent from 2015 to 2016, the share of developing countries in total trust fund resources decreased slightly, from 50.7 per cent in 2015 to 49.7 per cent in 2016 (figure 2). In total, 70 developing countries funded UNCTAD technical cooperation activities in 2016.

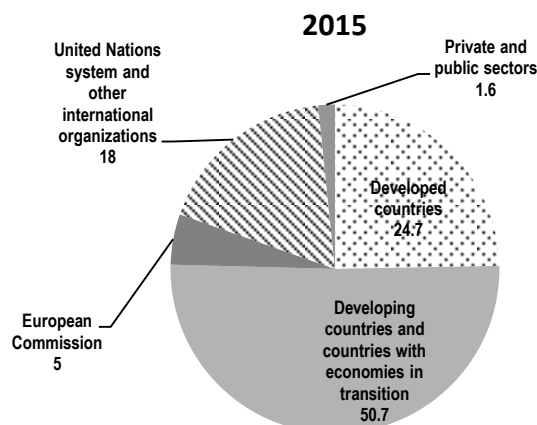
Figure 1
Accumulated contributions by major developed country donors, 2012–2016
 (Thousands of dollars)

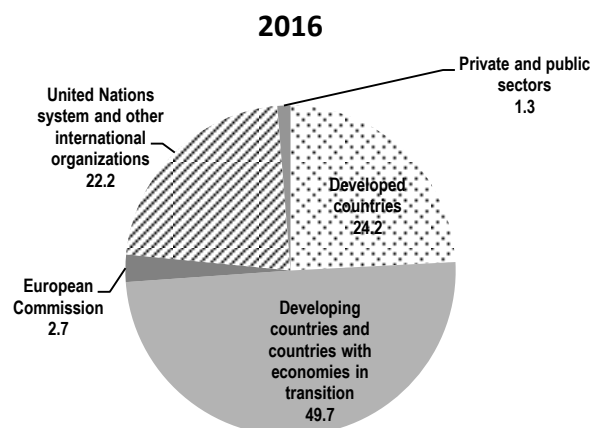


12. With regard to funding from developing countries, a distinction needs to be drawn between developing countries that provide funds to support UNCTAD technical cooperation activities for the benefit of other developing countries, and developing countries that fund such activities in their own countries. In the latter case, developing countries are not only the funding providers, but also the recipients of their own funding and direct beneficiaries of UNCTAD technical cooperation. In 2016, 96 per cent of funding from developing countries was allocated to activities in their own countries, mainly to implement programmes of ASYCUDA (88 per cent) and to a lesser extent, of DMFAS (7 per cent). The remaining 4 per cent of developing country funding (\$0.8 million) was used to support South–South cooperation. With annual contributions of \$0.4 million, China is by far the largest contributor in support of South–South cooperation, followed by Qatar and the Republic of Korea.

13. Following a sharp decline in 2015, contributions from the European Commission continued to slip in 2016. With \$1.1 million registered by UNCTAD, contributions from the European Commission were 38 per cent less than in 2015, reaching the lowest level since 2010. Subsequently, its share of total trust fund resources further declined from 5 per cent in 2015 to 2.7 per cent in 2016. The decrease in contributions by the European Commission in the past two years was partly due to the ongoing negotiations on technical issues between the European Commission and the United Nations that prevented the signing of new contribution agreements. In late 2016, the technical issues were addressed. Since October 2016, UNCTAD has signed or is in the process of signing a number of agreements with the European Union. It is expected that contributions from the European Commission will increase considerably in 2017. Taken together, the European Commission and the Member States of the European Union represented 17 per cent of total UNCTAD trust fund resources in 2016, compared with 22 per cent in 2015.

Figure 2
Share of total trust fund resources, by funding source, 2015 and 2016
 (Percentage)





Note: Totals reflect rounded figures.

14. Funding by the United Nations system and other international organizations rose from \$6.2 million in 2015 to \$8.9 million in 2016. This represented 22.2 per cent of total trust fund resources and an increase of 42 per cent over 2015. This increase was mainly due to rising financial support from the World Bank, the West African Economic and Monetary Union, TradeMark East Africa and the African Development Bank, among others. In 2016, the World Bank contributed \$2.4 million to UNCTAD for the delivery of ASYCUDA and DMFAS projects. TradeMark East Africa contributed \$2.3 million to support the development of the electronic single window system of Uganda and the implementation of a project on trade facilitation and trade and gender. The contribution of the African Development Bank was earmarked for an ASYCUDA project in Malawi.

15. Funding from the private and public sectors in 2016 was \$0.5 million, accounting for 1.3 per cent of total trust fund resources, 9 per cent less than in 2015. This included a project on non-tariff measures data collection for the economies of Asia-Pacific Economic Cooperation financed by the National Graduate Institute for Policy Studies of Japan, and the Train for Trade port-training project funded by the port authorities of several developing countries.

B. United Nations regular programme of technical cooperation and the Development Account

16. Programme budget resources for technical cooperation activities are provided under the United Nations regular programme of technical cooperation and the Development Account, sections 23 and 35, respectively, of the United Nations programme budget.

17. In 2016, total expenditures under the United Nations regular programme of technical cooperation and Development Account amounted to \$3.3 million, accounting for 8.5 per cent of overall technical cooperation expenditures. This was 19 per cent less than in 2015, albeit almost equal to the average yearly expenditures between 2012 and 2016.

18. Resources under the United Nations regular programme of technical cooperation – section 23 – are provided for advisory services and training. In 2016, expenditures under section 23 were \$0.7 million, a decrease of 43 per cent compared with the previous year. As in the past, training-related resources under the regular programme of technical cooperation were used mainly to finance the UNCTAD course on key issues on the international economic agenda.

19. The Development Account – section 35 – continues to be an important source of funding for capacity development projects in the priority areas of the United Nations

development agenda. Projects are carried out under tranches by 10 implementing entities of the United Nations Secretariat, including UNCTAD. Each tranche has a three- to four-year life span.

20. In 2016, 23 projects under the eighth, ninth and tenth tranches were under way. Total expenditure amounted to \$2.6 million, 7 per cent less than in 2015, yet 32 per cent higher than in 2014. These projects covered a wide range of UNCTAD work (see TD/B/WP/285/Add.2, table 9).

21. Under the eleventh tranche of the Development Account, a total of \$28.4 million was budgeted; this was the same funding envelope as for the tenth tranche. The theme of the eleventh tranche is “Supporting Member States in strengthening evidence-based policy coherence, integration and participatory implementation of the 2030 Agenda at all levels”. In view of the integrated nature of the 2030 Agenda, this new tranche attaches great importance to the cross-sectoral approach and inter-agency collaboration in project design and implementation. The share of UNCTAD in this new tranche is expected to reach \$4.9 million, or 17 per cent of funding resources to implement eight projects in collaboration with other Development Account entities.

C. Specific partner contributions and multi-donor trust funds to support joint programmes of the United Nations Inter-Agency Cluster on Trade and Productive Capacity

22. The United Nations Inter-Agency Cluster on Trade and Productive Capacity, led by UNCTAD, consists of 15 resident and non-resident United Nations agencies. The Cluster plays a critical role in ensuring trade and development issues effectively addressed in the United Nations system-wide coherence reform process. Since its establishment in 2007, the Cluster has actively participated in the design and delivery of joint programmes under the United Nations “Delivering as one” initiative. In the new era of Sustainable Development Goals, the Cluster is well positioned to respond to the integrated and inclusive nature of the 2030 Agenda. Starting with projects in eight pilot countries, the Cluster has expanded its operations to reach more than 30 joint operations in different regions.

23. The Cluster is funded through the “Delivering as one” funding mechanism, including multi-donor trust funds and specific partner contributions. In 2016, UNCTAD activities under the Cluster continued to benefit from the Delivering Results Together Fund, in particular with regard to its activities in Albania, Bhutan, Cabo Verde, Rwanda and the United Republic of Tanzania. Initiated by the United Nations Development Group and open to countries having adopted a “Delivering as one” approach, the Fund aimed at enhancing the formulation of inter-agency policy recommendations at the country level under the United Nations Development Assistance Frameworks. With the implementation of the 2030 Agenda, this kind of pooled financing mechanism is expected to play an increasingly important role.

24. In 2016, UNCTAD access to “Delivering as one” funding mechanisms totalled \$0.57 million, 50 per cent less than in 2015 (figure 3). This was mainly due to the completion of two major inter-agency projects supported by the Swiss State Secretariat for Economic Affairs in the Lao People’s Democratic Republic and the United Republic of Tanzania and the final implementation of the 2014–2015 initiatives of the Delivering Results Together Fund. Of eight such initiatives delivered since 2014, UNCTAD in 2016 successfully completed five in Albania, Bhutan, Cabo Verde, Rwanda and the United Republic of Tanzania.

Multi-donor trust funds

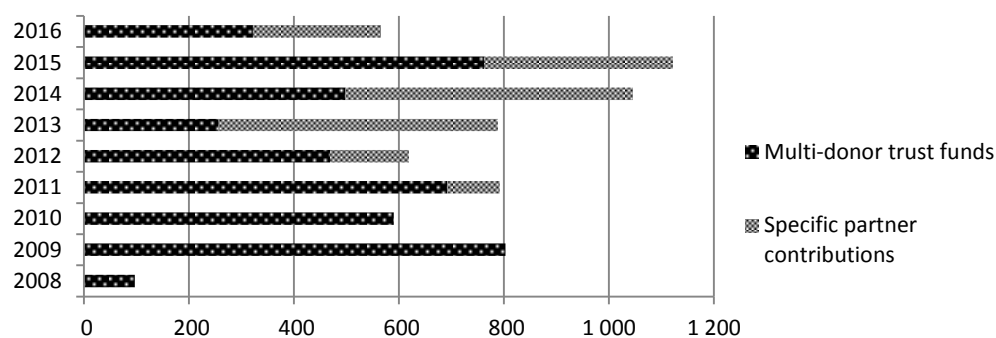
25. Multi-donor trust funds such as the One United Nations funds are established through a multi-tier governance structure involving the representatives of the United Nations system, national Governments and donors. Developed within an open and transparent financial framework, these funds complement the agencies’ individual resources.

26. Overall, UNCTAD had limited access to multi-donor trust funds in 2016 (\$322,195) for the reasons mentioned in paragraph 24 of this paper. This included contributions received from the 2016 Delivering Results Together Fund to implement projects in Montenegro, the United Republic of Tanzania and Viet Nam.

Figure 3

UNCTAD access to “Delivering as one” funding mechanisms, 2008–2016

(Thousands of dollars)



Specific partner contributions

27. Complementary to multi-donor trust funds, specific partner contributions are direct contributions to one or more agencies given by one or more donors to support inter-agency coordination. In 2016, UNCTAD received a number of such contributions related to its participation in joint programmes supported by Switzerland (Swiss State Secretariat for Economic Affairs) and through standard United Nations agency to United Nations agency contribution agreements issued by the United Nations Development Group.

28. With regard to the joint programmes funded by the Swiss State Secretariat for Economic Affairs, UNCTAD in 2016 received the last tranche of funds to complete a project in the Lao People’s Democratic Republic and a contribution of \$51,000 for a project on market value chains in the United Republic of Tanzania developed under the United Nations Development Assistance Framework 2011–2016.

29. UNCTAD also received a contribution of \$169,052 through its participation in the United Nations agency to United Nations agency contribution agreement to support the implementation of a joint project on green jobs in Zambia.

D. Financing of Junior Professional Officers

30. In addition to the funding sources mentioned above, some donors support the Junior Professional Officer programme of UNCTAD, carried out under the Junior Professional Officer programme of the United Nations. In 2016, Germany remained the sole contributor to this UNCTAD programme, and the number of sponsored Junior Professional Officers rose from two in 2015 to four in 2016 (see TD/B/WP/285/Add.2, table 7).

31. The Junior Professional Officer programme of UNCTAD offers a unique opportunity for young professionals to participate in the analytical and operational work of the Organization. All substantive divisions of UNCTAD have a strong demand for Junior Professional Officers. The secretariat therefore reiterates its call on donors in a position to do so to consider financing Junior Professional Officers.

II. Expenditures and allocation of technical cooperation resources

32. In 2016, overall expenditures for UNCTAD technical cooperation activities amounted to \$39.1 million, only 1 per cent less than in 2015. In terms of funding sources, expenditures under trust funds increased slightly to \$34.9 million, amounting to 89 per cent of total delivery. Expenditures under the United Nations regular programme of technical cooperation and Development Account dropped from \$4.1 million in 2015 to \$3.3 million

in 2016, representing 8.5 per cent of total delivery in 2016. Expenditure under “Delivering as one” funding mechanisms decreased by 2 per cent to \$0.86 million, accounting for 2.2 per cent of total yearly expenditures (table 2).

Table 2

Technical cooperation expenditures by funding source, 2013–2016

(Thousands of dollars)

	2013	2014	2015	2016		
				Amount	Percentage previous year of total (percentage)	Change over previous year (percentage)
Trust funds	35 727	34 805	34 600	34 928	89.3	0.9
United Nations regular programme of technical cooperation and Development Account	4 115	2 802	4 080	3 308	8.5	(18.9)
“Delivering as one” funding mechanisms	617	1 174	877	860	2.2	(1.9)
Total	40 459	38 780	39 557	39 097	100.0	(1.2)

Note: Totals reflect rounded figures (see TD/B/WP/285/Add.2, table 1).

A. Types of projects

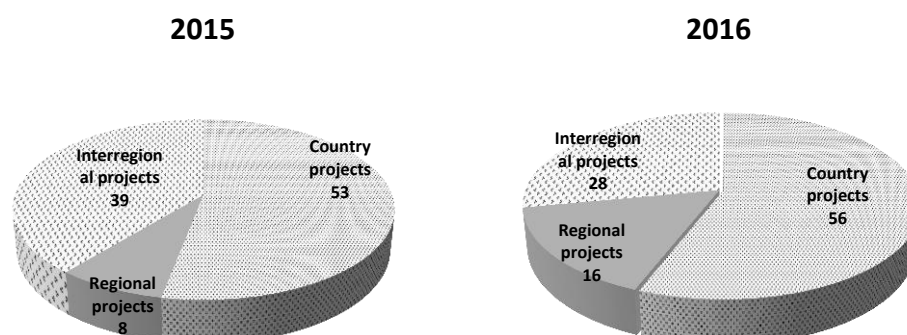
33. UNCTAD technical cooperation projects are delivered at the interregional, regional and country levels. More than half of total expenditures resulted from the implementation of country projects. Together with interregional projects, these two forms of delivery represented 84 per cent of total technical cooperation expenditures in 2016 (figure 4).

34. Interregional projects are thematic projects offering activities for developing countries that cover more than one geographical region. In 2016, expenditures under this type of project decreased from \$15.5 million in 2015 to \$11 million, representing 28 per cent of total expenditures. These projects covered all working areas of UNCTAD, in particular debt management, investment facilitation, trade, environment and development, competition policy and consumer protection, foreign direct investment trends and issues, and information and communications technology policies for development.

35. Expenditures on country projects totalled \$22 million in 2016, rising from \$20.9 million in 2015. The share of country projects in total expenditures also grew from 53 per cent in 2015 to 56 per cent in 2016. Customs modernization and reform (ASYCUDA), debt management (DMFAS) and investment facilitation continued to be the main focus of country projects. Most country projects are self-financed, including through resources made available by donors from their bilateral aid programmes. Of \$22 million, 56 per cent is related to the implementation of projects in LDCs.

36. Total expenditures on regional projects continued to increase and reached \$6.1 million in 2016, compared with \$3.1 million in 2015. As a result, the share of regional projects in total expenditures doubled between 2015 and 2016. Together, expenditures on regional and country projects totalled \$28.1 million in 2016, representing 72 per cent of total delivery in 2016, compared with 61 per cent in 2015.

Figure 4
**Technical cooperation expenditures as a share of total project expenditure,
 by type of project, 2015 and 2016**
 (Percentage)



B. Distribution by product

37. Table 3 lists 29 UNCTAD technical cooperation programmes, or products,³ grouped under four themes. Each theme covers a number of products delivered by different divisions of UNCTAD. In addition, 18 clusters, including 17 thematic clusters and an additional cluster on support services and projects, are also linked with products and themes. In 2016, total expenditures under these products amounted to \$32.7 million, accounting for 84 per cent of overall delivery of UNCTAD technical cooperation.

Table 3
Technical cooperation by theme and product, 2016
 (Dollars and percentage)

Cluster	Theme	Product	Expenditures (dollars)	Percentage of total
	A	Transforming economies, improving competitiveness		
VII	A1	Investment policy reviews	124 912	0.4
I	A2	Services policy reviews	24 835	0.1
I	A3	Trade policy framework reviews	290 487	0.9
XV	A4	Science, technology and innovation policy reviews	203 007	0.6
XIII	A5	E-commerce and law reform programme	232 421	0.7
VIII	A6	Investment guides	57 103	0.2
II	A7	Non-tariff measures	488 250	1.5
III	A8	National green export reviews	122 342	0.4
I	A9	Accession to the World Trade Organization	264 458	0.8
	B	Tackling vulnerabilities, building resilience		
XVI	B1	Support to graduation from least developed country status	97 296	0.3
XI	B2	DMFAS	4 472 771	13.7

³ As described in UNCTAD, 2016, *UNCTAD Toolbox: Delivering Results* (United Nations, Geneva).

<i>Cluster</i>	<i>Theme</i>	<i>Product</i>	<i>Expenditures (dollars)</i>	<i>Percentage of total</i>
X	B3	Assistance to the Palestinian people	49 949	0.2
XVII	B4	Enhanced Integrated Framework	402 019	1.2
XVII	B5	Rules of origin and market access for LDCs	114 598	0.4
V	B6	Pan-African Cotton Road Map	22 114	0.1
III	B7	BioTrade Initiative	612 876	1.9
	C	Fostering economic efficiency, improving governance		
IV	C1	Voluntary peer reviews on competition law and policy	835 804	2.6
VIII	C2	eRegulations and eRegistrations systems	2 531 287	7.7
XII	C3	Transport and trade logistics – Trade Facilitation Programme	763 181	2.3
XII	C4	ASYCUDA	18 613 806	56.9
X	C5	UNCTAD Statistics Programme	413 765	1.3
IX	C6	Corporate social responsibility – Sustainable Stock Exchanges Initiative	-	0.0
IX	C7	Corporate accounting and reporting	137 503	0.4
	D	Empowering people, investing in their future		
II	D1	Trade, Gender and Development Programme	372 400	1.1
VII	D2	International investment agreements	264 595	0.8
IX	D3	Empretec and Business Linkages	310 848	1.0
X	D4	Virtual Institute	178 152	0.5
XIV	D5	Course on key issues on the international economic agenda – Paragraph 166	293 000	0.9
XIV	D6	Train for Trade port-training programme	409 209	1.3
Total			32 702 989	100

38. Among the 29 products, ASYCUDA remained the leading product in 2016, with yearly expenditure reaching \$18.6 million, representing 57 per cent of total expenditures for *Toolbox* products. It was followed by DMFAS and eRegulations and eRegistrations systems, which accounted for, respectively, 14 and 8 per cent of total expenditures associated with these products in 2016. These well-established products are widely acknowledged by beneficiary countries.

39. In 2016, expenditure relating to nine products accounted each for 1–3 per cent of total delivery of *Toolbox* products, including the voluntary peer reviews on competition law and policy, the Trade Facilitation Programme and the BioTrade Initiative. Expenditures relating to the remaining 17 products represented each less than 1 per cent of the total expenditures related to *Toolbox* products. This could partly be explained by the fact that some newly developed products need to be nurtured over time and additional support provided through the regular budget is not taken into account in table 3.

C. Geographical distribution

40. Out of \$28.1 million spent on regional and country projects, more than half (\$14.8 million) was spent to deliver projects in Africa, including \$11 million on country

projects and \$3.8 million on regional projects (table 4). Compared with 2015, total expenditures on regional and country projects in Africa rose by 19 per cent, mainly owing to the increased delivery of projects related to transport and trade facilitation, investment facilitation, globalization and development strategies, and commodity sector development. The share of regional and country projects in total technical cooperation expenditures in Africa continued its upward trend, reaching 38 per cent in 2016 (figure 5).

Table 4

Technical cooperation expenditures by region, 2013–2016

(Thousands of dollars)

	2013	2014	2015	2016	
	Amount	Amount	Amount	Amount	Percentage
Total	40 459	38 780	39 557	39 097	100.0
Africa ^a	9 312	10 526	12 476	14 828	37.9
Asia and the Pacific ^a	9 521	8 700	5 942	6 340	16.2
Latin America and the Caribbean ^a	4 093	3 160	4 043	4 125	10.6
Europe ^a	717	1 183	1 378	2 597	6.6
North America ^a	-	167	187	207	0.5
Interregional	16 815	15 045	15 531	10 999	28.1

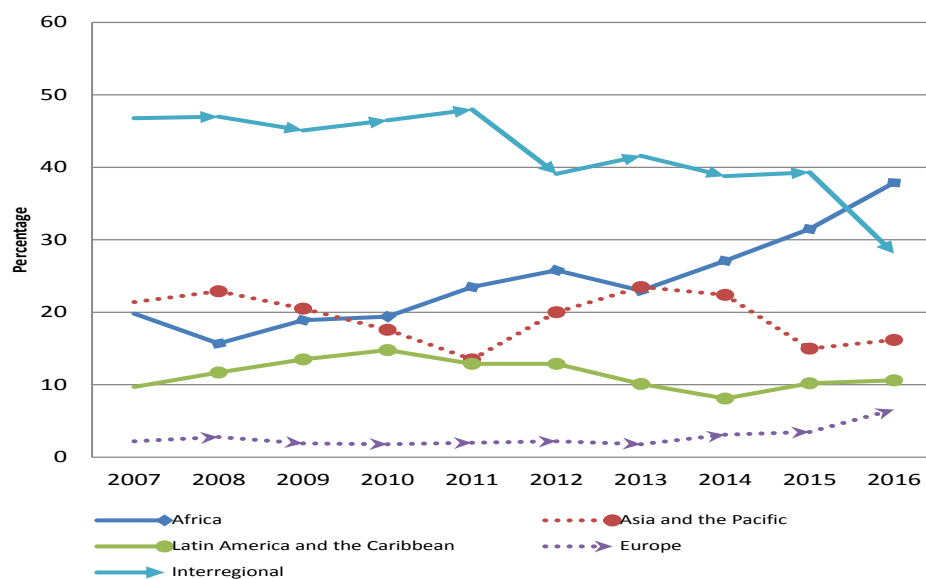
^a Total expenditures exclusively for regional and country projects.

41. Following a significant decline in 2015, expenditures on regional and country projects in Asia and the Pacific rebounded to \$6.3 million in 2016, an increase of 7 per cent over 2015. As a result, the share of regional and country projects in Asia and the Pacific as a percentage of total expenditures rose from 15 per cent in 2015 to 16 per cent in 2016. The enhanced delivery of operational activities on transport and trade facilitation, investment facilitation and productive capacities largely contributed to the higher expenditures in the region.

42. Expenditures on regional and country projects in Latin America and the Caribbean amounted to \$4.1 million in 2016, 2 per cent higher than in 2015. The increased expenditures associated with the implementation of projects on investment facilitation, debt management, and competition policy and consumer protection more than offset the reduction of expenditures related to transport and trade facilitation as well as trade analysis capacities and information systems. The share of regional and country projects in Latin America and the Caribbean in total delivery of UNCTAD technical cooperation rose from 10 per cent in 2015 to 11 per cent in 2016.

43. Expenditures on regional and country projects in Europe amounted to \$2.6 million in 2016, representing 7 per cent of total delivery. Compared with expenditures of \$1.4 million in 2015, the increase was largely due to the strengthened delivery of development projects on transport and trade facilitation, debt management and investment facilitation. In North America, one ASYCUDA project was implemented in the Customs Administration of Saint Pierre and Miquelon, with expenditures totalling \$0.2 million in 2016.

Figure 5
Technical cooperation expenditure as a share of total yearly expenditure, by region, 2007–2016
 (Percentage)



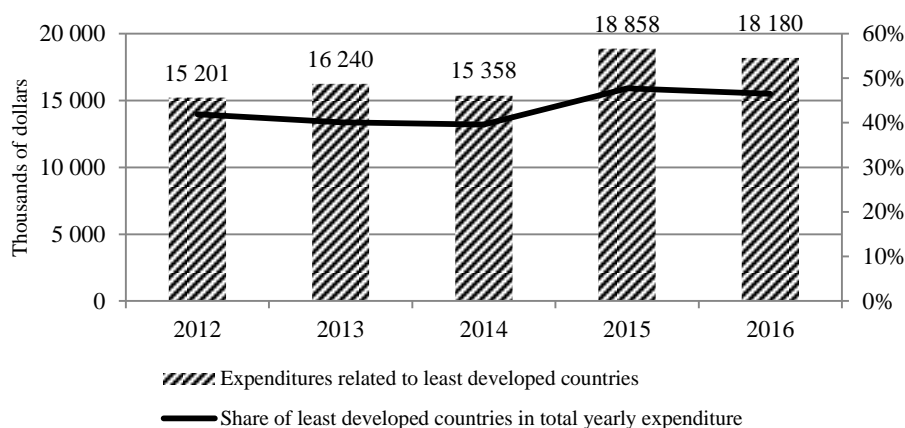
Note: Only expenditures on regional and country projects are taken into account in the calculation of regional shares for Africa, Asia and the Pacific, Europe and Latin America and the Caribbean; the share of North America is not reflected in the figure, as it only represented 0.5 per cent of total technical cooperation expenditures in 2016.

D. Technical cooperation delivery to the least developed countries

44. LDCs are prioritized in the UNCTAD strategy for delivering technical cooperation services. In 2016, technical cooperation expenditures in support of such countries totalled \$18.2 million, representing 46.5 per cent of total technical cooperation delivery. Despite the small decrease (less 3.6 per cent) in expenditures for LDCs compared with 2015, overall technical cooperation delivery to such countries remained high (figure 6). With regard to contributions to the UNCTAD Trust Fund for Least Developed Countries, the secretariat received no new funds in 2015 and 2016. As emphasized in Trade and Development Board decision 526 (LXII), paragraph 7, of September 2015, developed countries and other development partners in a position to do so are called upon to make multi-year contributions to the Trust Fund for Least Developed Countries.

Figure 6
**Technical cooperation expenditures in support of the least developed countries,
 2012 – 2016**

(Thousands of dollars and percentage)



45. The Nairobi Maafikiano calls on UNCTAD to assist LDCs in making use of existing initiatives and programmes, including targeted assistance under the Enhanced Integrated Framework. It also stresses that UNCTAD should help those countries advance towards and prepare for graduation from the least developed country category. The box describes various technical cooperation activities implemented by UNCTAD in 2016 for LDCs, including the activities related to the Enhanced Integrated Framework and graduation from LDC status.

**UNCTAD technical cooperation in support of the least developed countries:
 Some highlights in 2016**

To better inform donors and beneficiaries of the range of technical cooperation products available to LDCs, UNCTAD launched the *UNCTAD Toolbox for Least Developed Countries* during the fourteenth session of the United Nations Conference on Trade and Development (UNCTAD XIV, Nairobi, 2016). This document highlights 16 technical cooperation products for LDCs, including ASYCUDA and two products specifically targeted for LDCs, the Enhanced Integrated Framework and support to graduation from least developed country status.

In 2016, 40 LDCs benefited from the support of ASYCUDA, which allowed for increased revenue collection by customs in those countries and reduced clearing times and costs. For example, the Director General of Mauritania Customs reported that revenue collection had increased by 15 per cent in 2016 over 2015, despite the financial crisis affecting the country.

Under the Enhanced Integrated Framework, targeted assistance to LDCs in 2016 contributed, in particular, to the conclusion of the diagnostic trade integration studies update of Ethiopia, the formulation of national trade development policy in Benin, the elaboration of a national trade strategy and national industry policy in the Gambia and the development of a medium-term plan in Burkina Faso. Furthermore, UNCTAD actively supported two regional initiatives, one by Ethiopia and Djibouti in Eastern Africa, and another, by Benin, Burkina Faso, Mali and the Niger in Western Africa. These initiatives sought to jointly implement the action matrices on transit, transport and trade facilitation outlined in the relevant diagnostic trade integration studies.

UNCTAD work in support of countries graduating from least developed country status benefited eight such countries in 2016, regardless of their progress towards graduation. Country-specific vulnerability profiles were prepared for Bhutan, Kiribati, Nepal, Sao Tome and Principe, the Solomon Islands and Timor-Leste. Beneficiaries expressed appreciation to UNCTAD for helping national authorities better understand and manage the policy implications of the expected change in country status. Particularly important to all relevant States was the work of UNCTAD to help identify the most desirable level of alternative special treatment after LDC treatment has been partly or totally lost.

III. Structure and functioning

A. Follow-up to intergovernmental decisions

Thematic rationalization

46. In 2016, the secretariat continued its efforts to reduce fragmentation and enhance the rationalization of technical cooperation activities. Since its launch in 2015, the *UNCTAD Toolbox* has become a key instrument in consolidating technical cooperation activities and improving the visibility of the operational activities of UNCTAD for development.

47. In 2016, 181 projects with expenditures of \$32.7 million were grouped under 29 *Toolbox* products. For the remaining 51 projects (\$6.4 million), efforts continued for further consolidation under new products. An updated version of the *Toolbox* will be published in 2017 to better illustrate the secretariat's efforts in this area. In 2016, the publication was widely disseminated during UNCTAD XIV and on the UNCTAD website. A user-friendly mobile version of the *Toolbox* was also designed in 2016 and rolled out in May 2017.

48. While the *Toolbox* raised awareness among beneficiaries and donors of the broad spectrum of technical cooperation offered by UNCTAD, the secretariat also sought to use it to mobilize funds from potential donors and as a basis for developing concept notes and project proposals. For instance, under the new funding mechanism, currently under consultation with member States, fundraising activities are built around specific technical cooperation products.

49. To further streamline reports on UNCTAD technical cooperation, starting in 2017, the secretariat will use the *Toolbox* as a blueprint to restructure annex I of the present report. In general, UNCTAD technical cooperation activities will be reported by product under four themes. Projects that are not linked to any of the existing 29 *Toolbox* products will be reported under the relevant themes.

50. In 2016, with the support of donors, the secretariat financially closed 27 projects and started 33 new projects.⁴ In total, there were 233 operational projects with expenditures in 2016, 29 projects less than in 2008, when steps were initiated to reduce fragmentation.

Synergies among the three pillars of UNCTAD work

51. The Nairobi Maafikiano, paragraph 92, stresses the equal strategic importance of the three pillars of UNCTAD work and calls on UNCTAD to make further efforts to increase their linkages and complementarity. In 2016, greater synergies between technical assistance, research and analysis, and consensus-building were demonstrated in various working areas of UNCTAD.

52. For example, a technical assistance project on climate change impacts on coastal transport infrastructure in the Caribbean was developed, drawing on earlier research and analysis work of UNCTAD transport policy and legislation. The outputs of the project were case studies of Saint Lucia and Jamaica and a methodology for assessing climate-related impacts and adaptation options. This work has contributed to the report of the High-level Advisory Group of the Secretary-General on Sustainable Transport on mobilizing sustainable transport for development, which includes the project as one of the case studies. Moreover, the findings of both research and technical assistance have informed intergovernmental deliberations such as the high-level thematic panel on sustainable transport solutions to the climate crisis at the first United Nations Global Sustainable Transport Conference held in Ashgabat, Turkmenistan, in 2016.

53. Entrepreneurship development is another illustration of the cross-fertilization of the three pillars of UNCTAD work. In the policy analysis and research area, UNCTAD developed the Entrepreneurship Policy Framework to guide countries to develop entrepreneurship policies. The Framework drew best practice from fieldwork and was

⁴ See TD/B/WP/285/Add.2, tables 13 and 14.

further improved through intergovernmental interactions. The policy dimension of the work on entrepreneurship is complemented by two practical technical assistance programmes: Empretec, an entrepreneurship training programme; and Business Linkages, a programme that seeks to improve market access and stabilize earnings for small firms by linking them with large firms in global or regional value chains. The outcomes of the policy analysis and technical assistance further contribute to consensus-building on important aspects of entrepreneurship development such as women and youth empowerment.

Interdivisional cooperation

54. In terms of interdivisional cooperation on issues related to technical cooperation, the Project Review Committee continues to serve as an internal mechanism to ensure coherence on UNCTAD operational activities for development, including fundraising.

55. In 2016, the Committee held two face-to-face meetings. The first one focused on mainstreaming results-based management in technical cooperation, including the review of draft project planning guidelines; the second one discussed an array of ongoing initiatives to improve the functioning of technical cooperation, such as the requests database, guidelines on the preparation of contribution agreements with donors, the proposed new funding mechanism and the update of the *UNCTAD Toolbox*. In addition to formal meetings, members of the Committee (divisional focal points) were also frequently consulted on all issues related to the effective and coherent delivery of technical cooperation activities.

56. In terms of project delivery, interdivisional cooperation, which combines the knowledge and strength of UNCTAD divisions in different substantive areas, can better address cross-disciplinary requests from beneficiary countries. In 2016, many projects were implemented through collaboration among divisions. One example is the project on trade facilitation and trade and gender funded by TradeMark East Africa for the East African Community. The project draws from the expertise of three divisions, namely, the Division on Investment and Enterprise, the Division on Technology and Logistics, and the Division on International Trade in Goods and Services, and Commodities. The overall monitoring and coordination role is assumed by the Technical Cooperation Service. With a proper cross-divisional coordination mechanism in place, UNCTAD can better respond to the reporting and monitoring requirements of donors. Another case in point is related to the joint implementation of a project in Cabo Verde, one of the “Delivering as one” pilot countries, by three UNCTAD divisions. Interdivisional cooperation has made possible the formulation of policy recommendations in the areas of competition and consumer protection, debt management and trade facilitation to support the Government’s efforts to improve its national policy framework to foster economic growth and employment.

Inter-agency cooperation

57. The indivisible and integrated nature of the Sustainable Development Goals requires enhanced coordination and collaboration within and beyond the United Nations system to deliver technical cooperation. By sharing information, pooling resources and making the most of the unique expertise of each agency, UNCTAD was able to deliver better and more with limited resources.

58. In 2016, inter-agency partnerships were gaining ground in carrying out technical cooperation. There are numerous examples demonstrating the importance of inter-agency cooperation in delivering results. For instance, UNCTAD works closely with the International Trade Centre and the Economic Commission for Europe to provide technical assistance on trade facilitation. The three agencies often consolidate requests for technical assistance, pool available funds and the work time of trade facilitation specialists so as to make the best possible use of scarce resources.

59. In the area of intellectual property rights, the junction between it and other related areas, such as trade, health and industrial development, provides scope for fruitful collaboration with other organizations. For example, in 2016, UNCTAD, in cooperation with the World Health Organization, the World Intellectual Property Organization and the World Trade Organization, delivered a multi-stakeholder workshop to discuss a proposed

intellectual property consultative framework for South Africa. Further examples include the close cooperation between UNCTAD and the Organization for Economic Cooperation and Development on consumer policy and the established partnership under the United Nations Inter-Agency Cluster on Trade and Productive Capacity.

Requests from developing countries

60. Since the presentation to member States of a database of formal requests for UNCTAD technical cooperation in April 2016, the secretariat has received many constructive suggestions for its further improvement. To make it an effective tool to track the demand for UNCTAD technical assistance, efforts of the secretariat have focused on the cross-checking of requested information to ensure data accuracy and completeness, the updating of new requests received by UNCTAD and the creation of a dashboard to provide an illustrative overview of the request data. An improved version of the request database is expected to be launched in the second half of 2017.

61. Lack of funding is a major constraint for the delivery of technical assistance in many areas of UNCTAD work. This includes trade facilitation, investment policy reviews, Empretec entrepreneurship training, trade, gender and development, accession to the World Trade Organization, and science, technology and innovation policy. To bridge the funding gap, UNCTAD seeks support from both traditional and emerging donors in providing more predictable and less earmarked funds which, as shown by past experience, would enable UNCTAD to better meet the needs of developing countries. For example, the flexibility of the multi-year, multi-donor trust fund established under the programme on capacity-building in investment for development allows UNCTAD to carry out cutting-edge research and technical assistance, responding swiftly to the most urgent needs of beneficiary countries. In contrast, earmarked funds have limited the possibilities of the trade facilitation team to respond favourably to short-term requests in the context of the Agreement on Trade Facilitation of the World Trade Organization.

62. In 2016, UNCTAD continued to explore ways to overcome funding constraints and develop tailored tools to better service its clients. For instance, in the face of resource deficit and growing demand from member States for the analysis and review of their international investment agreements or the drafting of new treaty models, UNCTAD partnered with 46 universities worldwide to map the content of existing international investment agreements. In July 2016, the results of the content of the mapped treaties were integrated into a database freely available on the UNCTAD website. Another project is the novel Trade Portal that has been piloted in the East African Community since 2016. This new tool not only helps countries comply with certain transparency requirements under the Agreement on Trade Facilitation, but also helps identify potential areas of streamlining and simplifying trade procedures.

Strengthening results-based management

63. Throughout the year, UNCTAD intensified its efforts in mainstreaming results-based management in technical cooperation. To harmonize such practices across the secretariat, UNCTAD in June 2016 issued new guidelines that will direct project managers in planning results-oriented projects: "Results-based Management for UNCTAD Technical Cooperation: Guidelines for Project Planning". These new guidelines are based on 10 minimum results-based management requirements that cover the following areas: problem analysis, stakeholder analysis, UNCTAD value added, results framework, workplan, budget, monitoring, evaluation, reporting and lessons learned.

64. A one-year pilot period has been under way since July 2016 to evaluate the minimum results-based management requirements for technical cooperation within the Organization. During this time, all new technical cooperation projects need to comply with these requirements in the preparation of project documents. For ongoing projects, project managers are requested to report on project implementation status on a quarterly basis. To better track the results and impacts of a project, programme managers are also required to report, every two quarters, any relevant data on indicators of achievement as specified in the logical framework of the project.

65. Ongoing assessments of the application of these requirements indicate that programme managers are challenged by the lack of time and support for monitoring and evaluation, of an organizational culture for results-based management, of trained personnel and of an information technology-based tool to facilitate project management and results reporting. Senior management has identified those areas as key priorities and is working to overcome these challenges. A formal assessment of the pilot phase will also be conducted upon completion.

66. As part of an initiative to build an organizational culture for results-based management, a week-long training course on measurements for effective results-based management was provided by the United Nations System Staff College for nominated staff. The training course, divided into a three-day component for project managers and a two-day component for senior management, helped to equip managers with the basics of results-based management and enabled a discussion on how best to apply such an approach at UNCTAD. Senior management is now looking to develop in-house training on results-based management in 2017.

Gender mainstreaming

67. UNCTAD is committed to mainstreaming gender equality and women's economic empowerment in its substantive work, including technical cooperation. Since April 2016, a checklist for mainstreaming gender equality and women's economic empowerment in technical cooperation projects is being tested across divisions to help verify the applicability of the checklist to different types of project. Furthermore, to ensure the effective integration of gender dimensions in a project, divisional gender focal points were tasked with project clearance from a gender perspective. The preliminary results of the test show that a simplified checklist would need to be developed for certain technical cooperation projects that have limited potential to integrate gender dimensions.

68. In February 2017, 25 UNCTAD staff – gender focal points, technical cooperation focal points and drafters of flagship publications – including 18 women, participated in a four-day training session on gender mainstreaming in UNCTAD technical cooperation projects and flagship reports facilitated by trainers from the Gender Campus of the International Training Centre of the International Labour Organization in Turin, Italy. The training session, which combined key concepts of gender with practical exercises and experience sharing, enhanced the capacity of participants in formulating gender-response projects and generated rich ideas for further enhancing gender mainstreaming in the substantive work of UNCTAD.

New funding mechanism

69. To facilitate donor response to the demand from developing countries and to address the funding gap, UNCTAD proposes a new funding mechanism. The mechanism will provide a platform to bring together donors and beneficiary countries during donor-recipient coordination meetings to be held periodically. The concept note on a funding mechanism for pending technical cooperation requests received by UNCTAD was circulated to member States for consultation during the seventy-fourth session of the Working Party on the Strategic Framework and the Programme Budget in 2016. Informal consultations with regional groups were also held. The concept note will be revised and reissued to include comments received from member States.

B. Contributions to United Nations system-wide coherence

70. This section highlights the main contributions of UNCTAD in enhancing the role of the United Nations Inter-Agency Cluster on Trade and Productive Capacity in United Nations system-wide coherence reform.

71. UNCTAD has gained valuable experience through the implementation of Delivering Results Together Fund initiatives. Among various such initiatives developed in seven countries, the United Republic of Tanzania merits reference. In this country, One United Nations funds complemented other bilateral sources such as funding from the Government

of Switzerland (Swiss State Secretariat for Economic Affairs), under the umbrella of the United Nations Development Assistance Frameworks.

72. During UNCTAD XIV, an information session was organized with the high-level participation of the Food and Agriculture Organization of the United Nations, the International Labour Organization, the International Trade Centre, the United Nations Environment Programme and the World Trade Organization, on the establishment of a United Nations inter-agency cluster multi-donor trust fund on trade and productive capacity. The fund is expected to become a main tool for integrated policy support to achieve the Sustainable Development Goals.

73. In 2016, UNCTAD continued to take an active part in the formulation of new United Nations Development Assistance Frameworks, with cycles starting in 2016 or 2017 in, for example, the following countries: Albania, Armenia, Azerbaijan, Bangladesh, Kazakhstan, the Lao People's Democratic Republic, Montenegro, Serbia, Turkey, Turkmenistan, Uruguay and Uzbekistan.

74. In addition, UNCTAD operations⁵ under "Delivering as One" programmes were carried out within the United Nations Inter-Agency Cluster on Trade and Productive Capacity at the country level in the following regions:

(a) Africa (Eastern and Southern, Western and Central): Angola, Cabo Verde, Comoros, Ethiopia, Lesotho, Madagascar, Mozambique, Rwanda, Sao-Tome and Principe, the United Republic of Tanzania and Zambia;

(b) Arab States, Middle Eastern and Northern Africa: Egypt;

(c) Asia and the Pacific: Afghanistan, Bangladesh, Bhutan, China, the Lao People's Democratic Republic, Myanmar, Nepal, Pakistan and Viet Nam;

(d) Europe and Central Asia: Albania, Armenia, Azerbaijan, Belarus, Georgia, Montenegro, the Republic of Moldova, Serbia, Turkey, Turkmenistan, Ukraine and Uzbekistan;

(e) Latin America and the Caribbean: Uruguay.

IV. Conclusions and the way forward

75. In 2016, funding from developing and transition countries maintained its upward trend. Between 2013 and 2016, developing countries increased their funding support to UNCTAD by 56 per cent, making 2016 another record year. Nevertheless, only a fraction of the funding was earmarked for South–South cooperation. The vast majority of such funding was intended for self-financing activities. This, on one hand, reflects the effectiveness of UNCTAD technical cooperation and the strong demand from developing countries; on the other hand, it shows the necessity of enhancing funds mobilization among South–South cooperation funding partners to complement contributions from developed countries.

76. In 2016, contributions from developed countries recovered from its low level in 2015. However, sharp fluctuations across years, earmarking towards specific activities and the concentration of funding sources in a handful of donors continue to be the main characteristics of contributions made by developed countries to UNCTAD. To achieve the UNCTAD mandate outlined in the Nairobi Maafikiano with regard to the technical cooperation pillar and maximize the contribution of UNCTAD to the 2030 Agenda for Sustainable Development, it is crucial to ensure the availability of adequate quantity and quality of voluntary contributions. Both developed and developing country partners are strongly encouraged to make more flexible and less earmarked multi-year contributions to UNCTAD in a sustained and predictable manner.

⁵ For updated information, see http://unctad.org/Sections/un_ceb/docs/ceb_2016_OperationsCountryLevel_en.pdf (accessed 22 June 2017).

77. In contrast with the declining share of expenditure for operational activities for development of the United Nations system in LDCs,⁶ UNCTAD technical cooperation expenditures in support of such countries remained high in terms of volume and share. UNCTAD will pursue its prioritized technical assistance to LDCs and provide substantive support to the most vulnerable economies for which development assistance can play a catalytic role in overcoming the main obstacles to the attainment of the Sustainable Development Goals.

78. Good governance of technical cooperation is important for the efficient use of donor funds, effective delivery of activities and active mobilization of additional resources. In 2016, UNCTAD continued to strengthen the functioning of technical cooperation, in particular by piloting the minimum results-based management requirements for technical cooperation, upgrading the request database, consolidating technical cooperation activities through the *UNCTAD Toolbox* and fostering interdivisional and inter-agency cooperation.

79. To effectively support developing countries in implementing the transformative and inclusive 2030 Agenda, UNCTAD will intensify its efforts to mobilize resources in the coming years. This will include diversifying its funding base and exploring innovative ways of funds mobilization (for example, a new funding mechanism); enhancing the governance of technical cooperation to make it more efficient, transparent and accountable; and increasing multi-level collaboration and coordination, in particular through the United Nations Inter-Agency Cluster on Trade and Productive Capacity.

⁶ See A/RES/71/243.